Canadian Radio-television and Telecommunications Commission
Conseil de la radiodiffusion et des télécommunications canadiennes
Canada

News Release

May 31, 1995

CRTC DENIES NORTHWESTEL'S RATE REBALANCING APPLICATION

OTTAWA/HULL -- The CRTC today denied Northwestel Inc.'s application for a multi-phased rebalancing of the company's local and long-distance telephone rates across the Yukon, the Northwest Territories and parts of British Columbia (Telecom Order CRTC 95-629).

"Northwestel's proposal is generally based on valid concerns that the company needs to address, given the high dependency of Northerners on long-distance service and the growing disparity between Northwestel's rates and those of other Canadian carriers," said CRTC Chairman Keith Spicer.

"However, based on information provided by the company and comments received from individual subscribers and other interested parties, the Commission considers that the impact of the local rate increases proposed by Northwestel in return for lower long-distance charges was too extreme, particularly over the narrow time frame over which the company wanted to implement the rebalancing," Mr. Spicer explained.

In its December 1994 application, Northwestel had proposed to restructure its rates over three phases six months apart, beginning May 1, 1995, November 1, 1995 and May 1, 1996. The proposed cumulative increases to residence one-party customers for local service would have equalled approximately $11.50 per month over one year. This represents an increase between 125% and 174% over the current rates.

In the event that Northwestel files a new rate rebalancing proposal, the Commission outlined a number of criteria that should be met. Such a proposal would have to be more moderate than the company's most recent application. For any multi-phased rebalancing proposal, the intervals between rate increases should be at least one year apart to mitigate the impact on subscribers. The application should also address the impact of rebalancing on customers who make limited use of long-distance service and the requirement, if any, for targeted subsidy or lifeline programs to ensure universal access at affordable rates.

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